



## NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

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Cabinet Secretary

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

April 24, 2007

Southwest Petroleum Land Services, LLC

Attn: James L. Schultz

Fax No. 505-622-9282

**Re: McKay Oil Corp.  
South Four Mile Draw C Federal Well No. 1H  
API No. 30-005-63766  
D-22-6S-22E  
Chaves County**

Dear Mr. Schultz:

I have before me your request, on behalf of McKay Oil Corp, for approval of a non-standard location for this well.

I am confused because it appears to me that there are three, possibly four, Abo wells in this NW/4 spacing unit. I attach a copy of the print-out of wells located in this section. The circled wells appear to be in the NW/4. The Four Mile Draw C Federal No. 7H shows a bottom-hole location in Section 15, but it also is said to be a horizontal well, and I have not found anything that indicates what the plans are for completion of this well.

The Special Rules and Regulations for the West Pecos Slope Abo only allow two wells in a 160-acre spacing unit. Thus, it would appear that this well would require not only a non-standard location exception, but also a simultaneous dedication exception. The latter, pursuant to Rule 5 of the pool rules, would require a hearing. Please advise if I am missing something.

Should you have questions, please feel free to call the undersigned at (505)-476-3450.

Very truly yours,

David K. Brooks

cc: Bryan Arrant, OCD Artesia